

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

PERFECT SURGICAL TECHNIQUES,
INC.,

Plaintiff,

v.

OLYMPUS AMERICA, INC., et al.,

Defendants.

No. C 12-5967 PJH

**ORDER DENYING MOTIONS FOR
LEAVE TO AMEND INFRINGEMENT
CONTENTIONS AND TO FILE SECOND
AMENDED COMPLAINT; GRANTING
MOTION FOR SUMMARY JUDGMENT**

Defendants' motion for summary judgment of invalidity of the '384 patent, plaintiff's motion for leave to file amended infringement contentions, and plaintiff's motion for leave to file a second amended complaint came on for hearing before this court on September 4, 2013. Plaintiff Perfect Surgical Techniques, Inc. ("plaintiff" or "PST") appeared through its counsel, Qudus Olaniran and Daniel Weinberg. Defendants Olympus America Inc., Gyrus Medical, Inc., and Gyrus ACMI, L.P. ("defendants") appeared through their counsel, Deborah Fishman, Katie Scott, Eric Kurtycz, and Kiyoshi Miyake. Having read the papers filed in conjunction with the motions and carefully considered the arguments and the relevant legal authority, and good cause appearing, the court hereby DENIES plaintiff's motion for leave to file amended infringement contentions, DENIES plaintiff's motion for leave to file a second amended complaint, and GRANTS defendants' motion for summary judgment as follows.

Although defendants filed their motion for summary judgment before plaintiff filed its motions, the court will address plaintiff's motion for leave to amend its infringement contentions first, as it presents a threshold issue that must be resolved before considering defendants' motion for summary judgment.

Patent Local Rule 3-6 allows a party to amend its infringement contentions only by

1 order of the court upon a timely showing of good cause. Though Local Rule 3-6 does not
2 expressly define the boundaries of what constitutes “good cause,” it provides the following
3 non-exhaustive list: (1) a claim construction by the court different from that proposed by the
4 party seeking amendment, (2) recent discovery of material, prior art despite earlier diligent
5 search, or (3) recent discovery of non-public information about the accused instrumentality
6 which was not discovered, despite diligent efforts, before the service of infringement
7 contentions.

8 In this case, plaintiff seeks to amend its infringement contentions to remove its
9 infringement allegations against four of the five products accused of infringing U.S. Patent
10 No. 6,030,384 (“the ‘384 patent”). Specifically, plaintiff seeks to withdraw its infringement
11 allegations against the PKS Cutting Forceps, the PKS HALO Cutting Forceps, the PKS
12 Omni, and the HiQ+ Johann Forceps, and seeks to serve amended infringement
13 contentions accusing only one product, the Thunderbeat Forceps, of infringement.
14 Plaintiff’s stated reason for seeking this amendment is that, at an Early Neutral Evaluation
15 session on May 31, 2013, plaintiff “gained a better understanding of its case,” and after it
16 “considered and evaluated the information presented by defendants in the ENE session
17 and the analysis of the neutral evaluator,” it “concluded that its infringement contentions
18 were not accurate and that it would need to narrow the scope of its allegations with respect
19 to the ‘384 patent.” See Dkt. 95 at 2, Dkt. 82 at 3. However, plaintiff does not identify any
20 new information that it discovered at the ENE session. Instead, it explains that “its original
21 construction of the disputed term ‘wherein electrode members lie parallel to and laterally
22 spaced-apart from each other when the jaws are closed’ was too narrow and put too much
23 emphasis on ‘parallel’ and not enough emphasis on ‘laterally spaced.’” Dkt. 95 at 2-3.
24 However, it appears that plaintiff’s reevaluation of its claim construction position was not
25 triggered by newly-discovered non-public information that it learned at the ENE session,
26 and instead, could have been triggered by a simple examination of the product itself, which
27 should have occurred before plaintiff served its infringement contentions in the first place.
28 Defendants raise another possible explanation for plaintiff’s decision to seek leave to

1 amend its infringement contentions – shortly before the ENE session, plaintiff was informed
2 that a predecessor to one of the accused products (specifically, the BiCOAG Cutting
3 Forceps, the predecessor product to the accused PKS Cutting Forceps) was on sale more
4 than one year before the filing of the '384 patent, thus exposing the '384 patent to an
5 invalidity challenge based on 35 U.S.C. § 102(b). Defendants argue that plaintiff seeks to
6 amend its contentions solely to avoid a finding of invalidity.

7 While the court cannot make a definitive determination as to plaintiff's motives in
8 seeking to amend its infringement contentions, the court does find it likely that plaintiff
9 seeks this amendment in order to avoid a finding of invalidity. But more importantly, the
10 court finds that plaintiff has not satisfied its burden to show "good cause" under Patent
11 Local Rule 3-6. If plaintiff had offered a competing explanation for its change of heart with
12 regard to its claim construction position, the court might have been persuaded that plaintiff
13 did not seek amendment as a strategy to avoid a finding of invalidity. Indeed, parties are
14 permitted to change and refine their claim construction positions over the course of a case,
15 especially when such changes would serve to narrow the scope of the suit. However, in
16 the absence of any explanation as to why plaintiff could not have reconsidered its claim
17 construction position earlier in the case, the court finds that plaintiff cannot meet the "good
18 cause" requirement of Patent Local Rule 3-6, and thus DENIES plaintiff's motion for leave
19 to amend its infringement contentions. As plaintiff's motion for leave to file a second
20 amended complaint seeks the same relief (i.e., the withdrawal of infringement allegations
21 against four of the products accused of infringing the '384 patent), that motion is DENIED
22 for the same reasons.

23 Having determined that plaintiff cannot amend its infringement contentions, the court
24 now turns to defendants' motion for summary judgment of invalidity. Defendants argue that
25 plaintiff accuses the PKS Cutting Forceps of infringing the '384 patent, that the PKS Cutting
26 Forceps are identical in all material respects to the predecessor BiCOAG Cutting Forceps,
27 and that the BiCOAG Cutting Forceps were on sale more than one year before the filing of
28 the '384 patent, thus rendering the '384 patent invalid under 35 U.S.C. § 102(b).

1 Defendants further argue that they are relieved of their usual burden of showing that the
2 BiCOAG Forceps anticipate the claims of the '384 patent by conceding infringement by the
3 PKS Cutting Forceps, and by showing that the PKS Cutting Forceps are indeed identical in
4 all material respects to the BiCOAG Cutting Forceps. Defendants further point to the
5 Federal Circuit decisions in Evans Cooling Systems v. General Motors Corp. and Vanmoor
6 v. Wal-Mart Stores, Inc. as additional support for their position. Evans Cooling, 125 F.3d
7 1448 (Fed. Cir. 1997); Vanmoor, 201 F.3d 1363 (Fed. Cir. 2000).

8 Plaintiff does not dispute that the BiCOAG Cutting Forceps are identical in all
9 material respects to the accused PKS Cutting Forceps, nor does it dispute that the BiCOAG
10 Cutting Forceps were on sale more than one year before the '384 patent was filed.
11 Instead, plaintiff's opposition to defendants' motion is based on the argument that it has
12 withdrawn (or, attempted to withdraw) its infringement allegations against the PKS Cutting
13 Forceps, and that the court must first construe the claims of the '384 patent before finding it
14 invalid.

15 The court agrees that, without the benefit of a claim construction proceeding, a
16 universal finding of invalidity would be premature. However, as discussed above, plaintiff
17 has not shown good cause to amend its infringement contentions, so the PKS Cutting
18 Forceps remain in the case. And, as a result, the reasoning of Evans Cooling and
19 Vanmoor does apply in this case. Plaintiff has accused the PKS Cutting Forceps of
20 infringement, and defendants have presented unopposed evidence that the BiCOAG
21 Forceps (which were on sale more than one year before the filing of the '384 patent) are
22 identical in all material respects to the PKS Cutting Forceps. Thus, defendants are entitled
23 to summary judgment. However, because the court has not issued a claim construction
24 order, and thus has not compared the BiCOAG Cutting Forceps, on a limitation-by-
25 limitation basis, to the construed claims of the '384 patent, the court adopts an approach
26 similar to that taken in Biogenex Labs. v. Ventana Medical Systems, Inc. and GRANTS
27 defendants' summary judgment of invalidity for purposes of this lawsuit only.

28 In Biogenex, the plaintiff sought leave to amend its infringement contentions to

1 assert an earlier priority date than was first asserted. 2005 U.S. Dist. LEXIS 45531, at *9
2 (N.D. Cal. Feb. 24, 2005). The Biogenex defendant had previously filed a motion for
3 summary judgment of invalidity based on section § 102(b), identifying a printed publication
4 that described the subject matter of the asserted claims. Id. at *8. The Biogenex court
5 noted that, like this case, plaintiff's "motion for leave to amend constitutes the entirety of
6 [plaintiff's] opposition to [defendant's] motion for summary judgment of invalidity," and that
7 "resolution of the motions . . . turns upon whether [plaintiff] has demonstrated good cause
8 for amendment." Id. at *9-10. The Biogenex court found that the plaintiff had not
9 demonstrated good cause, and that allowing it to amend its infringement contentions
10 "would permit the very 'shifting sands' approach that the Patent Local Rules were designed
11 to avoid," and thus granted the defendant's motion for summary judgment for purposes of
12 that lawsuit only. Id. at *13.

13 Like in Biogenex, the court finds that resolution of the motions turns on whether
14 plaintiff has demonstrated good cause for amendment, and thus, reaches the same result
15 as to both the motion for leave to amend and the motion for summary judgment. And as in
16 Biogenex, the court's grant of invalidity shall apply to this lawsuit only.

17 Finally, the court GRANTS defendants' motion to seal Ex. A to the Baden
18 declaration, Ex. 13 to the Scott declaration, and those portions of the Baden declaration
19 which describe Exhibit A.

20 **IT IS SO ORDERED.**

21 Dated: December 16, 2013

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24 PHYLLIS J. HAMILTON
25 United States District Judge
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